



2006-286EG  
222731

**Kenneth R. Jackson**  
Vice President  
Rates and Regulatory Services

March 16, 2010

Mr. Charles Terreni  
Chief Clerk & Administrator  
The Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Dear Mr. Terreni:

Attached are copies of the Quarterly Report for South Carolina Electric & Gas Company, Gas Distribution Operations, for the twelve months ended December 31, 2009.

Sincerely,

Kenneth R. Jackson

cw

Attachments

c: John Flitter (ORS)  
Jay Jashinsky (ORS)

## CERTIFICATION

I, William B. Timmerman, state and attest, under penalty of perjury, that the attached Quarterly Report of Gas Distribution Operations is filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

W. B. m

Signature of Chief Executive Officer

William B. Timmerman

Typed or Printed Name of Person Signing

**Chairman of the Board, Chief Executive Officer**

# Title

3/2/10

Date Signed \_\_\_\_\_

Subscribed and Sworn to me on this 2nd of March, 2010.

Comilla Westmoreland

Notary Public

My Commission Expires: 09-13-2011

## CERTIFICATION

I, Jimmy E. Addison, state and attest, under penalty of perjury, that the attached Quarterly Report of Gas Distribution Operations is filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



\_\_\_\_\_  
Signature of Chief Financial Officer

Jimmy E. Addison

\_\_\_\_\_  
Typed or Printed Name of Person Signing

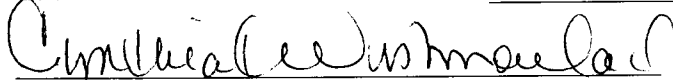
Chief Financial Officer

\_\_\_\_\_  
Title

3/2/10

\_\_\_\_\_  
Date Signed

Subscribed and Sworn to me on this 2ND of MARCH, 2010.



\_\_\_\_\_  
Notary Public

My Commission Expires: 09-13-2011

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**TOTAL GAS DISTRIBUTION - OPERATING EXPERIENCE**  
**12 MONTHS ENDED**  
**December, 2009**

<u>DESCRIPTION</u>	PER BOOKS ADJ. FOR REGULATORY ORDERS	ACCOUNTING & PRO FORMA ADJUSTMENTS	TOTAL AS ADJUSTED
	COL. A \$	COL. B \$	COL. C \$
<u>OPERATING REVENUES</u>	421,492,962	10,658,849	432,151,811
<u>OPERATING EXPENSES</u>			
Cost of Gas	277,731,750		277,731,750
Other O&M Expenses	61,868,844	(121,060)	61,747,784
Deprec. & Amort. Expenses	21,519,607	288,556	21,808,163
Taxes Other Than Income	16,914,018	1,185,478	18,099,496
Income Taxes	12,122,430	3,555,693	15,678,122
State	(1,658,857)	464,796	(1,194,061)
Federal	(9,471,013)	3,090,896	(6,380,117)
Def. Inc. Taxes (Net)	22,582,800	0	22,582,800
Invest. Tax Cr. (Net)	669,500	0	669,500
Total Operating Expenses	390,156,648	4,908,667	395,065,315
Operating Return	31,336,314	5,750,182	37,086,496
Customer Growth	398,316	73,091	471,406
Int. on Cust. Deposits Net	(157,616)		(157,616)
Total Income For Return	31,577,013	5,823,273	37,400,286
<u>ORIGINAL COST RATE BASE</u>			
Gross Plant in Service	778,653,122	601,320	779,254,442
Reserve for Depre.	307,067,245	147,979	307,215,224
Net Plant	471,585,877	453,341	472,039,218
CWIP	10,345,218	(84,821)	10,260,397
Accum. Def. Income Taxes	(81,506,935)	0	(81,506,935)
Net Deferred Debits / Credits	(5,358,805)	0	(5,358,805)
Materials & Supplies	43,981,042	0	43,981,042
Working Capital	2,987,204	(15,133)	2,972,071
Total Original Cost Rate Base	442,033,601	353,388	442,386,989
RATE OF RETURN	7.14%		8.45%
RETURN ON EQUITY	8.16%		10.63%

**SUPPLEMENTAL  
SCHEDULE  
TO EXHIBIT A**

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
GAS ANNUALIZED INTEREST EXPENSE  
12 MONTHS ENDED  
December, 2009**

RATE BASE	\$442,033,601
LONG-TERM DEBT RATIO	<u>0.4691</u>
	\$207,358,750
AVERAGE COST OF DEBT	<u>0.0600</u>
ANNUALIZED INTEREST	\$12,441,525
 TAX BOOK INTEREST	 \$13,495,961
INTEREST ADJUSTMENT	<u>(\$1,054,436)</u>
 ADJUSTMENT TO INCOME TAXES:	
 STATE INCOME TAX	 <u>\$52,722</u>
 FEDERAL INCOME TAX	 <u>\$350,600</u>
 TOTAL INCOME TAX EFFECT	 <u>\$403,322</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**RATE BASE DETAIL TOTAL GAS OPERATIONS**  
**12 MONTHS ENDED**  
**December, 2009**

	<b>PER BOOKS ADJ. FOR REGULATORY ORDERS</b>	<b>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS</b>	<b>TOTAL AS ADJUSTED</b>
<b><u>NET DEFERRED DEBITS/CREDITS</u></b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
ENVIRONMENTAL	5,526,555	0	5,526,555
PROPANE AIR PLANTS	581,053	0	581,053
FSB 106 RATE BASE REDUCTION	(11,466,413)	0	(11,466,413)
TOTAL	<u>(5,358,805)</u>	<u>0</u>	<u>(5,358,805)</u>
<b><u>MATERIALS &amp; SUPPLIES</u></b>			
NATURAL GAS STORAGE	43,190,084	0	43,190,084
OTHER M&S	790,959	0	790,959
TOTAL	<u>43,981,042</u>	<u>0</u>	<u>43,981,042</u>
<b><u>WORKING CAPITAL</u></b>			
WORKING CASH	7,733,605	(15,133)	7,718,473
PREPAYMENTS	11,320,172	0	11,320,172
CUSTOMER DEPOSITS	(7,695,365)	0	(7,695,365)
AVERAGE TAX ACCRUALS	(7,818,236)	0	(7,818,236)
INJURIES & DAMAGES	(552,973)	0	(552,973)
TOTAL WORKING CAPITAL	<u>2,987,204</u>	<u>(15,133)</u>	<u>2,972,071</u>

SUPPLEMENTAL SCHEDULE  
TO EXHIBIT A

ADJ #	DESCRIPTION	REVENUE	O&M EXPENSE	DEPREC & AMORT EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM DEPRE	CWIP	OPEB'S	WORKING CAPITAL
1	ADJUST LATERAL CUSTOMER REVENUE FOR TARIFF RATES	234,582			1,161	11,671	77,612					-
2	ANNUALIZE WAGES, BENEFITS AND PAYROLL TAXES		640,540		45,452	(34,300)	(228,092)					80,068
3	NORMALIZE INCENTIVE COMPENSATION		(959,824)		(64,232)	51,203	340,499					(119,978)
4	REMOVE EMPLOYEE CLUBS		(71,193)	(15,975)		4,358	28,983	(534,657)	(154,505)	-		(8,899)
5	RECOGNIZE PROPERTY RETIREMENTS, DEPRECIATION RESERVES					-	-	(2,047)	(2,047)			-
6	RECOGNIZE PROPERTY ADDITIONS/ADJUSTMENTS, PLANT IN SERVICE					-	-	1,138,024		(84,821)		-
7	ANNUALIZE DEPRECIATION- ADJUST RESERVE			304,531		(15,227)	(101,257)		304,531			-
8	ANNUALIZE PROPERTY TAXES				1,151,497	(57,575)	(382,873)					-
9	CUSTOMER AWARENESS CAMPAIGN EXPENSES		179,202			(8,960)	(59,585)					22,400
10	ANNUALIZE APPROVED REVENUE INCREASE - ORDER NO. 2009-723	10,424,267			51,600	518,633	3,448,912					-
11	HEALTH CARE		57,840			(2,892)	(19,232)					7,230
12	ANNUALIZE INSURANCE EXPENSE		32,375			(1,619)	(10,765)					4,047
13	TAX EFFECT OF ANNUALIZED INTEREST					(497)	(3,307)					-
	<b>TOTAL ADJUSTMENTS</b>	<b>10,658,849</b>	<b>(121,060)</b>	<b>288,556</b>	<b>1,185,478</b>	<b>464,796</b>	<b>3,090,896</b>	<b>601,320</b>	<b>147,979</b>	<b>(84,821)</b>	<b>-</b>	<b>(15,133)</b>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**WEIGHTED COST OF CAPITAL**

	AMOUNT PER BOOKS Dec-09 (COL. 1)	CAPITALIZATION RATIO (COL. 2) %	COST OF DEBT RETURN ON EQUITY (COL. 3) %	WEIGHTED COST OF CAPITAL (COL. 4) %
LONG-TERM DEBT	2,815,425,000	46.91%	6.00%	2.81%
COMMON EQUITY	3,186,310,903 <sup>(1)</sup>	53.09%	10.63%	5.64%
<b>TOTAL</b>	<b>6,001,735,903</b>	<b>100.00%</b>		<b>8.45%</b>

(1) Pro Forma Capital Structure includes \$22.5 million associated with equity issuances through March 2010.



**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED December 31, 2009**

NET INCOME AFTER DIV. OF PREF. STOCK	\$271,747,362
EARNINGS PER SHARE	\$2.23
AVG. NUMBER OF SHARES OUTSTANDING	122,102,685

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>**  
**TWELVE MONTHS ENDED December 31, 2009**

LINE NO.		<u>\$000's</u>
1	EARNINGS	
2	Net Income	421,502
3	Losses from Equity Investees	485
4	Total Fixed Charges, As Below	<u>170,110</u>
5	TOTAL EARNINGS	<u>592,097</u>
6	FIXED CHARGES	
7	Interest on Long-Term Debt	158,353
8	Other Interest	2,740
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	3,567
10	Rental Int. Portion	5,450
11	Distribution on Trust Preferred	<u>-</u>
12	TOTAL FIXED CHARGES	170,110
13	Pre-tax earnings required to pay Preference Security Dividend	<u>14,178</u>
14	<b>Total Fixed Charges and Preference Security Dividend</b>	<u>184,288</u>
15	RATIO OF EARNINGS TO FIXED CHARGES	3.21
16	<sup>1</sup> - SEC COVERAGE	